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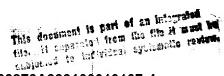
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9 Pebruary 1953

MEMORANDUM FOR: Mr. Cutler

SUBJECT : Statement of Chinese Feakers Trade

- 1. In an emplier memorandum on the slowe subject, fortunded under date of a February 1953, it was estimated on the busic of our most recent coordinated studies that the transce moving into China by sea, except from the Soviet Far East, was approximately 3,000 tons per day.
- Increday, Captain Layten of Admiral Radferi's intelligence staff presented certain figures respecting China Shipping which appeared to be in startling contrast with the foregoing. Since that meeting, pursuant to your request, representatives of the CIA have not with Captain Layten and members of the staff of the Office of Newal Intelligence (CMI). OHI was prought into the discussion because of the primary role it played in furnishing the data on which the under-lining coordinated estimates were prepared.
- 3. As a result of these discussions, we are prepared to make a tentative upwards adjustment of the figure on tomage moving into think by sea, except from the Soviet Far East, to have today per day.
 - h. The following factors have been considered:
 - a. A different tenner conversion formula was used in our coordinated studies from that used in Captain Layton's estimate. That incommistancy has now been eliminated. This reduced his estimate by 2,000 tens per day.
 - b. Another portion of the discrepancy is attributable to the fact that Captain Layton's figures were based upon arrivals in Chinese ports and may have included considerable double counting. There were deducted from his figures, by agreement, 1,000 tens per day to eliminate this possibility.
 - e. Inclusion of occup-going vessels under 1,000 tens, which have always been consisted from coordinated studies, added 200 tens per day to the CIA figure.



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- d. The major upward adjustment in the CIA figure was made on the basis of photographic owidence from the CIMPAS continuous air search which had not previously term made available in Washington. This has been tentatively taken as 1,000 tens per day.
- Of My far the greater part of the difference between the CIA figure and the figures presented by Captain Layton was due to the fact that he included appreciaately 9,500 tems per day of Orbit Asiatic constal traffic with has never been included in coordinated studies as to the volume of China trade. No opinion is expressed as to the validity of Captain Layton's estimate on this point.

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on this subject, it is suggested that reference be made to the fact that needly discovered evidence, as well as the upward trend noted in our prior memorandum, may well require as adjustment of previous joint studies on the volume of such trade. Attention is also called to the fact that a planned and can be schemical to converse during March. It say well be desirable to have this confirmed.

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6. With respect to the application of the figures referred to above, your attention is called to Special Estimate 27, published 5 Ame 1952, estitled "Probable Effects of Various Possible Courses of Action with Respect to Communist Chins, a the partisent conclusions of which are attached. We believe that immediating of any likely changes that are made in tennego figures, these conclusions are generally chill which. But is view of the time which has chapsed since the preparation of this Estimate, it is desirable to have the subject recentined at this time, and this is being done.

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LOFRE E. IECER
Leguty Mirector/Intelligence

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